



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor

Kathleen Clarke  
Executive Director

Lowell P. Braxton  
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

October 26, 2000

Pat Gochmour  
Gochmour & Associates, Inc.  
19590 East Main Street, Suite 208  
Parker, Colorado 80138

Re: Formal Approval of Form and Amount of Reclamation Surety, Lisbon Valley Mining Co. -  
Summo USA Corporation (Summo), Lisbon Valley Copper Project, M/037/088 (ML-20569,  
UTU-72499), San Juan County, Utah

Dear Mr. Gochmour:

On October 26, 2000, the Director of the Division of Oil, Gas and Mining formally approved the form and amount of reclamation surety for Summo's Lisbon Valley Copper Project. The reclamation surety amount is \$124,200 in the form of surety bond #~~4~~ issued by U.S. Fidelity & Guaranty Company. The Division hereby grants final approval of this amended large mine project and the reclamation surety. You may commence the groundwater exploration operations as outlined in the amended mining and reclamation plan at your convenience.

Enclosed please find copies of the fully signed and executed Reclamation Contract and surety bond forms for your files. Thank you for your cooperation in completing this permitting action. Please call me if you have any questions in this regard.

Sincerely,

D. Wayne Hedberg  
Permit Supervisor  
Minerals Regulatory Program

jb

Enclosures: executed Reclamation Contract, surety bond rider

cc: Bob Prescott, Summo w/enclosures

Will Stokes, SITLA w/enclosure

Sal Venticinque, Moab BLM FO w/enclosures

O:\m37-88oct-approve.



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October 26, 2000

TO: Lowell P. Braxton, Director

THRU: Pamela Grubaugh-Littig, Associate Director *pgl*

THRU: Wayne Hedberg, Permit Supervisor *WH*

FROM: Anthony A. Gallegos, Senior Reclamation Specialist *aa*

RE: Request for Approval of Form and Amount of Reclamation Surety, Lisbon Valley Mining Co. - Summo USA Corporation (Summo), Lisbon Valley Copper Project, M/037/088 (ML-20569, UTU-72499), San Juan County, Utah

The Division has completed the review of Summo's July 14, 2000, amendment for drilling up to 14 water well holes within the approved large mine permit boundary for the Lisbon Valley Copper Project located in San Juan County, Utah. This amendment will disturb an additional 1.14 acres of disturbance and involves private, BLM and School and Institutional Trust Lands Administration (SITLA) land.

On October 10, 2000, Summo provided the Division with a revised Reclamation Contract and rider to the current surety bond. The rider increases the surety amount to a new total of \$124,200 as requested by the Division (copy of estimate enclosed). The current surety bond # \_\_\_\_\_ issued by U.S. Fidelity & Guaranty Company is made out jointly to the Division, BLM, and SITLA. This surety company is on the federal register listing of acceptable bonding companies. The Division's legal counsel has reviewed the Reclamation Contract and surety bond rider and advised the acceptance of these documents (e-mail message enclosed).

The BLM issued approval of this proposal in their September 1, 2000, letter (copy enclosed) subject to posting the appropriate surety with the Division. SITLA issued conditional approval of this proposal in their September 5, 2000, letter (copy enclosed) provided the reclamation bonding requirements of the Division have been satisfied.

If you are in agreement with the acceptance of the reclamation surety please sign and date the documents as indicated so we may proceed to issue final approval for this amendment. Thank you for your consideration of this request.

*Agree LAR 10/27*

jb

Enclosures: BLM 9/1/00 letter, SITLA 9/5/00 letter, MR-RC, rider to surety,  
power of attorney, Division surety estimate

O:\m37-88oct.wpd

**From:** Kurt Seel  
**To:** Gallegos, Anthony  
**Date:** 10/23/00 3:40PM  
**Subject:** M/037/088 Lisbon Valley Copper Reclamation Contract and Bond Rider

Tony,

I apologize for the delay in reviewing the above documents; I was out of town all last week. I have reviewed the reclamation contract and surety bond rider in the above matter and they appear fine on their face. Unless you have a specific concern I would recommend they be signed by Lowell Braxton and processed in the normal course. Please call if you have any questions. Thanks.

Kurt Seel

FORM MR-RC  
Revised January 18, 2000  
RECLAMATION CONTRACT

File Number M/037/088

Effective Date Oct. 27. 2000

Other Agency File Number UTU-72499  
ML-17661 & ML-20569

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION of OIL, GAS and MINING  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5291  
Fax: (801) 359-3940

**RECEIVED**

OCT 10 2000

RECLAMATION CONTRACT  
---ooOoo---

DIVISION OF  
OIL, GAS AND MINING

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)	<u>M/037/088</u>
(Mineral Mined)	<u>Copper</u>
"MINE LOCATION":	
(Name of Mine)	<u>Lisbon Valley Copper Project</u>
(Description)	<u>18 miles south of LaSal, Utah</u>
	<u>San Juan County</u>
"DISTURBED AREA":	
(Disturbed Acres)	<u>7.86 (increase of 1.14 acres</u>
(Legal Description)	<u>(refer to Attachment "A")</u>
"OPERATOR":	
(Company or Name)	<u>Summo USA Corporation</u>
(Address)	<u>Lisbon Valley Mining Co. LLC</u>
	<u>By: Summo USA Corp - Manager</u>
	<u>Denver Center Bldg., Suite 900</u>
	<u>1776 Lincoln Street</u>
	<u>Denver, CO 80203</u>
(Phone)	<u>303-861-5400</u>

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

(Phone)

CT Corporation

50 West Broadway

8th Floor

Salt Lake City, UT 84104

801-531-7090

"OPERATOR'S OFFICER(S)":

Greg Hahn - President

Robert Prescott - Vice President

Christopher Mitchell - Exec. VP & CFO

James Frank - VP - Business Dev.

"SURETY":

(Form of Surety - Attachment B)

Surety Bond - w/Rider

"SURETY COMPANY":

(Name, Policy or Acct. No.)

U.S. Fidelity & Guaranty Co.

"SURETY AMOUNT":

(Escalated Dollars)

\*\$124,200 (increase of \$27,173)

"ESCALATION YEAR":

2005

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Lisbon Valley Mining CO. & Summo USA the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division"). Corp

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/037/088 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated August 8, 1995, and the original Reclamation Plan dated August 8, 1995. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's

request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Lisbon Valley Mining Co. LLC  
by: Summo USA Corporation - Manager  
Operator Name

By James D. Frank  
Authorized Officer (Typed or Printed)

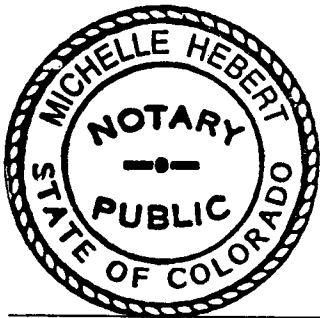
Vice President - Business Development  
Authorized Officer - Position

James D. Frank  
Officer's Signature

10/5/00  
Date

STATE OF Colorado )  
COUNTY OF Denver ) ss:

On the 5th day of October, 20 00, personally  
appeared before me James D. Frank who being  
by me duly sworn did say that he/she, the said James D. Frank is  
the Vice President - Business Dev. of Summo USA Corp. - Mgr. of Lisbon Valley  
and duly acknowledged that said instrument was signed on behalf of said company by Mining  
authority of its bylaws or a resolution of its board of directors and said Company  
James D. Frank duly acknowledged to me that said company LLC.  
executed the same.



Michelle Hebert  
Notary Public  
Residing at: Lakewood, Colorado

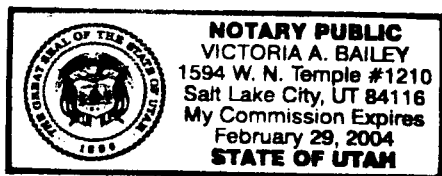
My Commission Expires: March 18, 2003

DIVISION OF OIL, GAS AND MINING:

By Lowell P. Braxton 10/27/00  
Lowell P. Braxton, Director Date

STATE OF Utah )  
COUNTY OF Salt Lake ) ss:

On the 27<sup>th</sup> day of October, 2000,  
personally appeared before me Lowell P. Braxton, who being  
duly sworn did say that he/~~she~~, the said Lowell P. Braxton  
is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources,  
State of Utah, and he/~~she~~ duly acknowledged to me that he/~~she~~ executed the foregoing  
document by authority of law on behalf of the State of Utah.



Victoria A. Bailey  
Notary Public  
Residing at: Salt Lake City, UT

February 29, 2004  
My Commission Expires:

ATTACHMENT "A"

Lisbon Valley Mining Co. LLC  
by: Summo USA Corp. - Manager

Lisbon Valley Copper Project

Operator

Mine Name

M/037/088

San Juan

Permit Number

County, Utah

The legal description of lands to be disturbed is:

As amended to include approx. 1.14 acres of additional disturb.  
for groundwater exploration drilling within:

Township 30 South, Range 25 East

-----  
SE 1/4, Section 23

NW 1/4, SW 1/4, SE 1/4, Section 25

NE 1/4, Section 26

NE 1/4, SW 1/4, SE 1/4, Section 36

Township 31 South, Range 26 East

-----  
NW 1/4, Section 6

As described and provided in the July 14, 2000 Request and  
Attachment 1 Map



**RIDER**

Bond No. 1

Principal: **Lisbon Valley Mining Company LLC**

IT IS HEREBY UNDERSTOOD AND AGREED THAT THE AMOUNT OF THE ABOVE BOND  
SHALL BE INCREASED

FROM:           **\$97,066.00**

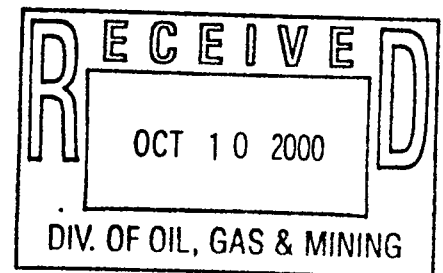
TO:              **\$124,200.00**

EFFECTIVE: **September 26, 2000**

UNITED STATES FIDELITY AND GUARANTY COMPANY

By: \_\_\_\_\_

*Kathy Lee*  
Kathy Lee, Attorney-in-Fact



Seaboard Surety Company  
St. Paul Fire and Marine Insurance Company  
St. Paul Guardian Insurance Company  
St. Paul Mercury Insurance Company

United States Fidelity and Guaranty Company  
Fidelity and Guaranty Insurance Company  
Fidelity and Guaranty Insurance Underwriters, Inc.

Power of Attorney No. 21991

Certificate No.

**KNOW ALL MEN BY THESE PRESENTS:** That Seaboard Surety Company is a corporation duly organized under the laws of the State of New York, and that St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company and St. Paul Mercury Insurance Company are corporations duly organized under the laws of the State of Minnesota, and that United States Fidelity and Guaranty Company is a corporation duly organized under the laws of the State of Maryland, and that Fidelity and Guaranty Insurance Company is a corporation duly organized under the laws of the State of Iowa, and that Fidelity and Guaranty Insurance Underwriters, Inc. is a corporation duly organized under the laws of the State of Wisconsin (*herein collectively called the "Companies"*), and that the Companies do hereby make, constitute and appoint

James R. Bell, Ingrid Nye, Douglas L. Dusso, Keith R. Anderson and Kathy Lee

Denver

Colorado

of the City of \_\_\_\_\_, State \_\_\_\_\_, their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign its name as surety to, and to execute, seal and acknowledge any and all bonds, undertakings, contracts and other written instruments in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed and sealed this 4th day of August, 2000.

Seaboard Surety Company  
St. Paul Fire and Marine Insurance Company  
St. Paul Guardian Insurance Company  
St. Paul Mercury Insurance Company

United States Fidelity and Guaranty Company  
Fidelity and Guaranty Insurance Company  
Fidelity and Guaranty Insurance Underwriters, Inc.



State of Maryland  
City of Baltimore

*John F. Phinney*  
JOHN F. PHINNEY, Vice President  
*Thomas E. Huibregtse*  
THOMAS E. HUIBREGTSE, Assistant Secretary

On this 4th day of August, 2000, before me, the undersigned officer, personally appeared John F. Phinney and Thomas E. Huibregtse, who acknowledged themselves to be the Vice President and Assistant Secretary, respectively, of Seaboard Surety Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, United States Fidelity and Guaranty Company, Fidelity and Guaranty Insurance Company, and Fidelity and Guaranty Insurance Underwriters, Inc.; and that the seals affixed to the foregoing instrument are the corporate seals of said Companies; and that they, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the names of the corporations by themselves as duly authorized officers.

In Witness Whereof, I hereunto set my hand and official seal.

My Commission expires the 13th day of July, 2002.



*Rebecca Easley-Onokala*

REBECCA EASLEY-ONOKALA, Notary Public

This Power of Attorney is granted under and by the authority of the following resolutions adopted by the Boards of Directors of Seaboard Surety Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, United States Fidelity and Guaranty Company, Fidelity and Guaranty Insurance Company, and Fidelity and Guaranty Insurance Underwriters, Inc. on September 2, 1998, which resolutions are now in full force and effect, reading as follows:

**RESOLVED**, that in connection with the fidelity and surety insurance business of the Company, all bonds, undertakings, contracts and other instruments relating to said business may be signed, executed, and acknowledged by persons or entities appointed as Attorney(s)-in-Fact pursuant to a Power of Attorney issued in accordance with these resolutions. Said Power(s) of Attorney for and on behalf of the Company may and shall be executed in the name and on behalf of the Company, either by the Chairman, or the President, or any Vice President, or an Assistant Vice President, jointly with the Secretary or an Assistant Secretary, under their respective designations. The signature of such officers may be engraved, printed or lithographed. The signature of each of the foregoing officers and the seal of the Company may be affixed by facsimile to any Power of Attorney or to any certificate relating thereto appointing Attorney(s)-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and subject to any limitations set forth therein, any such Power of Attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company, and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is validly attached; and

**RESOLVED FURTHER**, that Attorney(s)-in-Fact shall have the power and authority, and, in any case, subject to the terms and limitations of the Power of Attorney issued them, to execute and deliver on behalf of the Company and to attach the seal of the Company to any and all bonds and undertakings, and other writings obligatory in the nature thereof, and any such instrument executed by such Attorney(s)-in-Fact shall be as binding upon the Company as if signed by an Executive Officer and sealed and attested to by the Secretary of the Company.

I, Thomas E. Huibregtse, Assistant Secretary of Seaboard Surety Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, United States Fidelity and Guaranty Company, Fidelity and Guaranty Insurance Company, and Fidelity and Guaranty Insurance Underwriters, Inc. do hereby certify that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which is in full force and effect and has not been revoked.

IN TESTIMONY WHEREOF, I hereunto set my hand this 26th day of September, 2000.



*Thomas E. Huibregtse*

Thomas E. Huibregtse, Assistant Secretary

To verify the authenticity of this Power of Attorney, call 1-800-421-3880 and ask for the Power of Attorney clerk. Please refer to the Power of Attorney number, the above-named individuals and the details of the bond to which the power is attached.